

Comptroller's Directive No. 2-04
Attachment 6
Schedule of Outstanding Installment Purchase Obligations

Purpose This attachment is used to gather uniform financial reporting information for installment purchase obligations including footnote disclosures. This is similar to prior year's Attachment 6.

Applicable agencies All agencies with installment purchases that are **not** reported on a financial statement template **must** complete this attachment.

Note: The beginning balance will automatically populate based on the agency number keyed into the **IP Worksheet Tab** of the attachment spreadsheet. In order to obtain the appropriate beginning balances, the following agencies must key the specified three-digit agency number for all related facilities/agencies:

- The Department of Corrections must aggregate central office and all facilities using 701.
 - The Department of Mental Health, Mental Retardation, and Substance Abuse Services must aggregate central office and all facilities using 720.
 - The Supreme Court of Virginia must aggregate all agencies 103, 111, 112, 113, 114, 115, 116, 125, 160 using 111.
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Due date **August 5, 2004**

Submission requirements Contact DOA if the agency has any problems with the spreadsheets.

After downloading the files, rename the spreadsheet file using the agency number followed by Att6. For example, agency 151 should rename its Attachment 6.xls file as 151Att6.xls.

Submit the excel spreadsheet electronically to finrept@doa.virginia.gov.

Copy APA via E-mail to APAFinRept@apa.state.va.us.

Do not submit paper copies of these excel spreadsheets.

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**Attachment
revisions**

If attachment revisions are made subsequent to DOA acknowledgement of receipt and acceptance of the original attachment submission, **resubmit the revised attachment AND complete the Revision Control Log Tab in the attachment excel file.**

Enter the revision date, applicable excel file tab name, row number and column letter revised, and the previous and revised information. Document text changes and numerical changes. Only enter changes for amounts actually keyed. For example, if a non-keyed, calculated total changes as a result of the revision, this does not need to be documented on the Revision Control Log.

If the attachment is revised more than once, do not delete control log revision information from the previous revision. Enter the new revision date and the additional revisions in the rows following the initial revision rows. This log should document all revisions from the initial attachment submission.

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Definitions

Installment Purchases – Financing agreements to acquire assets for which *title* passes *immediately* to the agency. Financing arrangements covered by the Treasury Board Master Equipment Leasing Program are considered installment purchases.

Lease – A financing agreement in which the title may pass by the end of the lease term, or may not pass at all.

Capitalized Fixed Assets – For CAFR financial reporting purposes, capitalized assets are those assets greater than or equal to \$50,000.

Controlled Fixed Assets – For CAFR financial reporting purposes, controlled assets are those assets less than \$50,000.

**Additional
considerations**

GASBS No. 34 Government-wide Financial Statements

This attachment provides information to convert the Governmental Fund Statements (modified accrual) to the Government-wide Statements (full accrual). Also, the installment purchase obligation must be reported on the following two separate line items on the Statement of Net Assets: amounts due within one year and amounts due in greater than one year.

LAS and FAACS

Agencies should ensure that installment purchases are NOT included in the Lease Accounting System (LAS) and that the fixed assets acquired through these installment purchases are properly recorded in FAACS.

Audit

For audit purposes, prepare and maintain a separate listing of assets acquired under outstanding installment purchases.

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Completing "IP Worksheet" tab

The cells for this attachment have already been formatted. Type the appropriate agency number in the cell.

Step	Action
	This spreadsheet has been formatted to include the corresponding control agency number, agency name, fiscal 2003 ending CAFR balance (which represents the beginning balance), and the functional code used by the agency in fiscal 2003 for the interest and principal payments. <u>Cells that require input are shaded in light yellow.</u>
1	<ul style="list-style-type: none"> Enter the agency number. This must be done FIRST for the spreadsheet to function properly. The beginning balance amount represents the agency's ending balance reported in the fiscal 2003 CAFR. The agency cannot modify this figure. <p>NOTE: If a restatement of the prior balance is required, contact those listed in the Questions section of this directive.</p> <ul style="list-style-type: none"> Enter the principal payments made in fiscal 2004 for installment purchases. Enter the amount of any new installment purchase obligations for fiscal 2004. The ending balance will be computed for the agency. The agency does not have to enter this number. <u>This number MUST agree to the total principal payments on the Long-term Debt Tab.</u>
2	<p>Complete the detailed information about the principal payments (or expenditures):</p> <ul style="list-style-type: none"> The spreadsheet should have automatically included the agency number, the control agency number, and the function used in fiscal 2003. If the function is correct, enter "Y" using the drop down list. If only one function is charged, then the entire principal amount from Step 1 is automatically entered. Record the interest amount paid in fiscal 2004 in the appropriate cell. If the function provided is incorrect or there is more than one applicable function, then enter "N" and complete the schedule below. Enter the function using the drop down box for each cell. Enter both the principal and interest payment. Principal MUST agree to the total principal expenses entered in Step 1.

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Completing "IP Worksheet" tab, (continued)

Step	Action
3	<p>Completing the detailed information about new installment purchases (or acquisitions):</p> <ul style="list-style-type: none">• For the amount listed in the "new installment purchase obligations" box in Step 1, state whether CAPITALIZED, not controlled, assets were acquired with these new installment purchases.• State whether the agency used an "I" in the acquisition method field on FAACS for the capitalized assets recorded in fiscal 2004.• If acquisition method "I" was not used for installment purchases, provide a FAACS funding source (each cell contains a drop down list of FAACS funding sources), description, and amount recorded in FAACS.• Give an explanation as to why an "I" was not used in the explanation box. <p>Note: All installment purchase assets on FAACS should be marked with an "I" in the acquisition method field. For any installment purchase assets that do not have an "I", immediately correct the acquisition method and the funding source in FAACS.</p>

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**Completing the
"Long-term
Debt" tab**

The cells for this attachment have already been formatted. Type the appropriate agency number in the cell.

Enter future principal and interest payments by year for fiscal 2005 – 2009, and then in five-year increments thereafter.

Note: Soft costs should be amortized over the life of the asset and included in the payment amounts being reported. These costs entail freight and transportation charges, installation costs, site preparation expenditures, professional fees (including title costs and surveying fees if appropriate), legal costs directly attributable to asset acquisition, and cost of necessary easements and right-of-ways. (Also see CAPP Manual Topic No. 30210 for more detailed information.)

Note: **Total principal payments MUST EQUAL the ending balance on the "IP Worksheet" tab.**

Note: Enter the agency total principal shown on the MELP listing located at www.doa.state.va.us. Click on the "Financial Reporting" button, then click on "Financial Statement Directives." Compare to the total principal expenditures on the **Long-term Debt Tab**. Provide a detailed explanation of material variances in the space provided on the attachment. **The MELP listing for FY 2004 will be available mid-June 2004.** Please be aware that some agencies will have items in more than one location on the listing.

**Function codes
defined**

Functional codes are the first number in every program code. For example, program code 1031000 "Community Services" would fall under the "Education" function. Each functional code and its corresponding description are below.

- 1 – Education
 - 3 – Administration of Justice
 - 4 – Individual and Family Services
 - 5 – Resources and Economic Development
 - 6 – Transportation
 - 7 – General Government
 - 8 - Enterprises
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